

LEAVITT TOWNSHIP
OCEANA COUNTY, WALKERVILLE, MICHIGAN
AUDIT REPORT

For Year Ended March 31, 2005

NICHOLAS D. LAHR
Certified Public Accountant
198 N. Michigan
Shelby, MI 49455

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Levitt Township	County Oceana
Audit Date 2/27/06	Opinion Date 3/31/05	Date Accountant Report Submitted to State: 2/28/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

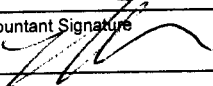
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MAR 23 2006
LOCAL AUDIT & FINANCE DIV.

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Nicholas D. Lahr, CPA			
Street Address 198 N. Michigan	City Shelby	State MI	ZIP 49417
Accountant Signature 		Date 2/27/06	

Leavitt Township
Township Board
March 31, 2005

Supervisor	John Herremans
Clerk	Richard Kolbe
Treasurer	Joyce Kirwin
Assessor	John Herremans
Trustee	Donald Birkman
Trustee	Michael Oomen

LEAVITT TOWNSHIP
Oceana County, Walkerville, Michigan

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NICHOLAS D. LAHR

CERTIFIED PUBLIC ACCOUNTANT

MEMBER
Michigan Association of
Certified Public Accountants
American Institute of
Certified Public Accountants

198 North Michigan Ave
Shelby, MI 49455
Phone: (231) 861-4786
Fax: (231) 861-6481
E-Mail: ndlahr@yahoo.com

February 24, 2006

Local Audit and Finance Division
Michigan Department of Treasury
430 West Allegan 4th Floor
Lansing Michigan 48922

Re: Leavitt Township, Oceana County
Audit as of March 31, 2005

Dear Sir:

This report on auditing procedures is written pursuant to Section 7 (2) of the Public Act 2, P.A. of 1968, as amended. We have made an examination of the financial statements of the above-mentioned local unit of government. Our opinion, dated February 24, 2006, with respect to these statements is included in our accountant's report submitted to you under date of February 24, 2006.

In connection with the foregoing examination, we have complied with the minimum requirements as outlined in your publication, "Bulletin for the Audits of Local Units of Government in Michigan" (BUGSLUG), as revised.

In accordance with the provisions of P.A. 275 of 1980, as amended, there are no accumulated deficits in the various fund balances of the above local unit, other than as disclosed in the financial statements including the notes thereto. In addition, we found no substantive instances of noncompliance with the provisions of P.A. 2 of 1968 (the Uniform Accounting and Budgeting Act) as amended, other than as disclosed in the financial statements including the notes thereto, or as described in the report of comments and recommendations as prescribed by the reporting guidelines for instances of noncompliance included in Appendix B of the BUFALUG manual.

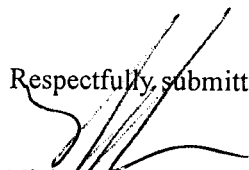
I hereby state and affirm that I am a certified public accountant registered to practice in the State of Michigan and an independent insofar as that term is defined in our profession.

We did not issue a report of comments and recommendations.

In our accountant's report for the above-mentioned period, we have expressed a qualified opinion. The Township budgets its property taxes in the year of collection versus year of levy.

In the last previous accountant's report for the local unit, which covered the period April 1, 2002 to March 31, 2003, a qualified opinion was expressed.

Respectfully submitted,


Nicholas D. Lahr
Certified Public Accountant

NICHOLAS D. LAHR

CERTIFIED PUBLIC ACCOUNTANT

MEMBER
Michigan Association of
Certified Public Accountants
American Institute of
Certified Public Accountants

198 North Michigan Ave
Shelby, MI 49455
Phone: (231) 861-4786
Fax: (231) 861-6481
E-Mail: ndlahr@yahoo.com

February 24, 2006

Board of Directors
Leavitt Township
Oceana County
Walkerville, MI 49459

INDEPENDENT AUDITOR'S REPORT

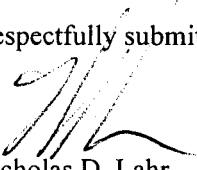
We have audited the combined financial statements for Leavitt Township as of and for the year ended March 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 3 to the Financial Statements, the Township budgets and reports its property taxes in the year of collection versus the year of levy as required by generally accepted accounting principles.

In our opinion, except for the effect of the method of reporting tax revenue, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Leavitt Township, as of March 31, 2003, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Respectfully submitted,



Nicholas D. Lahr
Certified Public Accountant

Leavitt Township
Combined Balance Sheet
All Fund Types and Account Groups
March 31, 2005

Exhibit A

	<u>Governmental Funds</u>	
	<u>General Fund</u>	<u>Total (Memo Only)</u>
Assets		
Cash & Cash Equivalents	\$ 104,657	\$ 104,657
Total Assets	<u>\$ 104,657</u>	<u>\$ 104,657</u>
Fund Equity		
Fund Balance	<u>\$ 104,657</u>	<u>\$ 104,657</u>
Total Fund Equity	<u>\$ 104,657</u>	<u>\$ 104,657</u>

The Notes to the Financial Statements are an integral part of this statement.

Leavitt Township
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Government Fund Types
For Year Ended March 31, 2005

Exhibit B

	General Fund	Special Revenue Fund	Total (Memo Only)
REVENUES			
Taxes	\$ 61,479	\$ -	\$ 61,479
State Revenue Sharing	41,427		41,427
Interest	1,245		1,245
Other Revenue	3,142		3,142
TOTAL REVENUES	\$ 107,292	\$ -	\$ 107,292
EXPENDITURES			
Legislative (TWP Board)	\$ 13,382		\$ 13,382
General Government			
Supervisor	10,272		10,272
Elections	2,388		2,388
Assessor	11,698		11,698
Clerk	7,133		7,133
Treasurer	7,518		7,518
Board of Review	1,055		1,055
Trustees	-		-
Public Safety Fire Protection	43,677		43,677
Public Works			
Cemetery		1,870	1,870
Road Commission	7,047		7,047
Hall & Grounds	1,494		1,494
Recreation & Parks	1,066		1,066
TOTAL EXPENDITURES	\$ 106,730	\$ 1,870	108,600
Excess (Deficiency) of Revenues Over Expenditures	562	(1,870)	(1,308)
Other Sources/(Uses)			
Operating Transfers In/(Out)	(1,870)	1,870	-
Fund Balance April 1, 2004	105,965	-	105,965
Fund Balance March 31, 2005	\$ 104,657	\$ -	\$ 104,657

The Notes to the Financial Statements are an integral part of this statement

Leavitt Township
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual – General Fund Type
For Year Ended March 31, 2005

Exhibit C

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
REVENUES			
Taxes	\$ 59,100	\$ 61,479	\$ 2,379
State Revenue Sharing	33,000	41,427	8,427
Interest	1,300	1,245	(55)
Other Revenue	1,550	3,142	1,592
TOTAL REVENUES	<u>\$ 94,950</u>	<u>\$ 107,292</u>	<u>\$ 12,342</u>
 EXPENDITURES			
Legislative (TWP Board)	\$ 7,000	\$ 13,382	\$ 6,382
General Government			
Supervisor	8,500	10,272	1,772
Elections	1,000	2,388	1,388
Assessor	9,300	11,698	2,398
Clerk	6,600	7,133	533
Treasurer	7,200	7,518	318
Board of Review	800	1,055	255
Trustees	2,200		(2,200)
Public Safety Fire Protection	42,000	43,677	1,677
Public Works			-
Cemetery			
Road Commission	25,000	7,047	(17,953)
Hall & Grounds	3,000	1,494	(1,506)
Recreation & Parks		1,066	1,066
TOTAL EXPENDITURES	<u>\$ 112,600</u>	<u>\$ 106,730</u>	<u>\$ (5,870)</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (17,650)	 562	 18,212
 Other Sources/(Uses)			
Operating Transfers In/(Out)	<u>(1,870)</u>	<u>(1,870)</u>	<u>-</u>
 Fund Balance April 1, 2004		105,965	
 Fund Balance March 31, 2005		<u><u>\$ 104,657</u></u>	

The Notes to the Financial Statements are an integral part of this statement

Leavitt Township
Notes to the Financial Statements
March 31, 2005

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The entity is organized as a Township under the Auspices of Public Acts 33 and 57 of 1951. The purpose of the organization is to provide government for Leavitt Township. The Township is governed by a Board whose membership is comprised of a supervisor, clerk, treasurer and trustees elected by general election in the township.

The financial statements of the Township include those of separately administered organizations that are controlled by or dependent on the Township. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "The Reporting Entity", is financial accountability. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the governing boards.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund - This fund is used to account for all financial transactions not accounted for in another fund, including general operating expenditures of the local unit. Revenues are derived primarily from inter-governmental revenues. Contributions are made on a quarterly basis.

Special Revenue Fund - This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

C. Basis of Accounting

All governmental funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized when received in cash except for those susceptible to accrual, which are recorded as receivable when measurable and as revenue when available to finance current operations. Significant revenues susceptible to accrual include property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, and operating transfers. Expenditures are recorded when the liability is paid, except for interest on long-term debt which is recorded when incurred.

Leavitt Township
Notes to the Financial Statements
March 31, 2005

Note 1 - Summary of Significant Accounting Policies - continued

D. Budgets

As mandated by PA 621 of 1978, all Township funds are required to be under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

PA 621 of 1978 Section 18 (1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. Expenditure overages occurred in the following activities:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Legislative (TWP Board)	\$ 7,000	\$ 13,382	6,382
General Government			
Supervisor	8,500	10,272	1,772
Elections	1,000	2,388	1,388
Assessor	9,300	11,698	2,398
Clerk	6,600	7,133	533
Treasurer	7,200	7,518	318
Board of Review	800	1,055	255
Public Safety Fire Protection	42,000	43,677	1,677

In the body of the financial statements, the Township's actual expenditures and budgeted funds have been shown on a functional basis. The approved budgets of the Township of these budgetary funds were adopted at the activity level.

The budget is prepared by the Township Treasurer, together with the Township Clerk. The budget is then presented to the Township Board for approval.

Note 2 - Deposits With Financial Institutions

A. Legal or Contractual Provisions for Deposits and Investments

The Michigan Political Subdivision Act No. 20, Public Acts of 1943, as amended by Act No. 217, Public Acts of 1982, states the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- 1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States

Leavitt Township
Notes to the Financial Statements
March 31, 2005

Note 2 - Deposits With Financial Institutions – continued

2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, which is a member of the Federal Deposit Insurance Corporation; or a savings and loan association, which is a member of the Federal Savings and Loan Insurance Corporation; or a credit union, which is insured by the National Credit Union Administration; but only if the bank, savings and loan association, or credit union complies with Subsection (2) of the above mentioned Acts.

The account balances for Leavitt Township in West Shore Bank are:

General Fund Regular Demand Account	#655	\$	100
Current Tax Account Regular Demand Account	#1406	\$	0
Money Market Account	#350303	\$	81,193
Certificate of Deposit	#56937	\$	23,364
		\$	<u>104,657</u>

3) In commercial paper rated at the time of purchase within the 3 highest classifications established by not less than 2 standards rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of the funds may be invested in commercial paper at any time.

4) In United States government or federal agency obligation repurchase agreements.

Note 3 - Property Taxes

The township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of the levy year and are due before February 14.

The Township uses December 31 as its assessment date and December 1 as its lien date. The township has a taxable value of \$15,380,125. The Township collects taxes for the following school districts:

	Homestead <u>Millage</u>	Non-Homestead <u>Millage</u>
Walkerville	28.2983	44.7362
Hesperia	32.5963	49.9383
Hart	24.2973	42.2973

The Township is not in compliance with NCGA Interpretation 3 (Revenue Recognition Property Taxes) which states that property tax revenue is to be recognized when it becomes measurable and available. Available means due, or past due and receivable within the current period. The policy of the Township is to recognize the revenue at the time of collection of the taxes.

Leavitt Township
Notes to the Financial Statements
March 31, 2005

Note 4 - Detail Notes on All Fund and Account Groups

A. Fixed Asset Group

The township had no change to its fixed assets as of March 31, 2005.

B. Long-term Debt

The Township had no Long-term Debt as of March 31, 2005.

C. Post-Employment Benefit Plans

The Township had no defined pension or post-employment benefit plan as of March 31, 2005.

D. Accumulated Unpaid Employees Benefits

The Township had no Accumulated Unpaid Employee Benefits at March 31, 2005.

E. Risk Financing and Related Insurance

The Township participates in a commercial insurance plan, the Michigan Township Participation Plan. As of March 31, 2005 there were no known claims against the Township.

F. Deferred Compensation

The Township had no Deferred Compensation liability as of March 31, 2005.

SUPPLEMENTAL INFORMATION

Leavitt Township
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Government Fund Types
For Year Ended March 31, 2004

Exhibit D

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total (Memo Only)</u>
REVENUES			
Taxes	\$ 63,304	\$ -	\$ 63,304
State Revenue Sharing	43,777		43,777
Interest	1,364		1,364
Other Revenue	1,940		1,940
TOTAL REVENUES	\$ 110,385	\$ -	\$ 110,385
EXPENDITURES			
Legislative (TWP Board)	\$ 10,443		\$ 10,443
General Government	-		
Supervisor	8,693		8,693
Elections	16		16
Assessor	10,164		10,164
Clerk	6,502		6,502
Treasurer	7,278		7,278
Board of Review	1,135		1,135
Public Safety Fire Protection	41,733		41,733
Public Works	-		
Cemetery		2,841	2,841
Road Commission	11,550		11,550
Hall & Grounds	1,845		1,845
Recreation & Parks	1,223		1,223
TOTAL EXPENDITURES	\$ 100,581	\$ 2,841	103,422
Excess (Deficiency) of Revenues Over Expenditures	9,804	(2,841)	6,963
Other Sources/(Uses)			
Operating Transfers In/(Out)	(2,841)	2,841	-
Fund Balance April 1, 2003	99,002	-	99,002
Fund Balance March 31, 2004	\$ 105,965	\$ -	\$ 105,965

Leavitt Township
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual – General Fund Type
For Year Ended March 31, 2004

Exhibit E

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
REVENUES			
Taxes	\$ 58,600	\$ 63,304	\$ 4,704
State Revenue Sharing	36,000	43,777	7,777
Interest	2,000	1,364	(636)
Other Revenue	850	1,940	1,090
TOTAL REVENUES	<u>\$ 97,450</u>	<u>\$ 110,385</u>	<u>\$ 12,935</u>
EXPENDITURES			
Legislative (TWP Board)	\$ 5,000	\$ 10,443	\$ 5,443
General Government			
Supervisor	8,300	8,693	393
Elections	200	16	(184)
Assessor	8,700	10,164	1,464
Clerk	6,500	6,502	2
Treasurer	6,500	7,278	778
Board of Review	800	1,135	335
Public Safety Fire Protection	39,000	41,733	2,733
Public Works			
Cemetery	5,500		(5,500)
Road Commission	25,000	11,550	(13,450)
Hall & Grounds	1,700	1,845	145
Recreation & Parks		1,223	1,223
TOTAL EXPENDITURES	<u>\$ 107,200</u>	<u>\$ 100,581</u>	<u>\$ (6,619)</u>
Excess (Deficiency) of Revenues Over Expenditures	(9,750)	9,804	19,554
Other Sources/(Uses)			
Operating Transfers In/(Out)	<u>(2,841)</u>	<u>(2,841)</u>	<u>-</u>
Fund Balance April 1, 2003		99,002	
Fund Balance March 31, 2004		<u><u>\$ 105,965</u></u>	